

## **Office of the State Controller**

### **Self-Assessment of Internal Controls**

#### **Notes for Completion of the Major Financial Assistance Cycle**

The Major Financial Assistance Cycles pertain to all major Federal grants programs. The state's threshold for major Federal assistance programs is \$60,000,000 in Federal program expenditures. Separate forms can be used for multiple Federal grants programs by copying the questionnaire and designating the name of the program.

The internal control questionnaire is a standardized document which may need to be interpreted according to the terminology of your programs. For example, in the eligibility segment, the intake form could be the need analysis in federal financial aid programs at universities and community colleges.

There are numerous cycles within the major financial assistance section that pertain to subrecipients. A subrecipient is an entity that expends Federal awards received from a state agency to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. Not all grants have subrecipients. See the examples below to help distinguish when a subrecipient relationship exists:

The U.S. Department of Labor awards a Job Training Partnership Act grant to the N.C. Department of Commerce. The Department of Commerce awards a grant to the Employment Security Commission. The Employment Security Commission awards a grant to Perdue Farms for on the job training. Perdue Farms would be a subrecipient under the Employment Security Commission. The Employment Security Commission would complete sections of the internal control questionnaire relating to subrecipients.

At a community college, a Pell grant award to a student would not be a subrecipient relationship. The student is a beneficiary of the grant award.

Compliance requirements for each grant are stated in the federal regulations of the grant. Refer to the Code of Federal Regulations or grant award agreement.